

EXHIBIT A

Deeba Affidavit

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

In re:

PostRock Energy Corporation, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 16-11230
)
)
) (Jointly Administered)
)

**AFFIDAVIT OF MICHEAL E. DEEBA IN SUPPORT OF APPLICATION FOR ENTRY
OF AN ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF BAKER
TILLY VIRCHOW KRAUSE, LLP AS FINANCIAL ADVISOR AND ACCOUNTANT
TO THE TRUSTEE, *NUNC PRO TUNC* TO APRIL 11, 2016 AND
NOTICE OF OPPORTUNITY FOR A HEARING**

I, Michael E. Deeba, being duly sworn, do declare the following to be true and correct under penalty of perjury pursuant to section 1748 of Title 28 of the United States Code:

1. I am a Partner at Baker Tilly Virchow Krause, LLP ("Baker Tilly"), a professional services firm engaged in the business of providing accounting, tax, financial advisory, investigative, and related professional consulting services. Baker Tilly is a full-service accounting and advisory firm that provides audit, assurance, tax, management advisory, consulting, risk, and other services and products. Baker Tilly is an independent member of Baker Tilly International, the world's eighth largest accountancy and business advisory network

¹ The Debtors in these chapter 11 cases include: PostRock Energy Corporation, PostRock Energy Services Corporation, PostRock Holdco, LLC, PostRock Eastern Production, LLC, PostRock MidContinent Production, LLC, and STP Newco, Inc.

of independent members. Across the globe, the network has 154 firms operating in 133 countries.

2. I submit this affidavit (this “Affidavit”) on behalf of Baker Tilly in support of the application (the “Application”)² of the above-captioned debtors and debtors-in-possession herein (collectively, the “Debtors”), for entry of an order authorizing the employment and retention of Baker Tilly as Financial Advisor and Accountant *nunc pro tunc* to April 11, 2016, on the terms and conditions set forth herein and in the Engagement Letter attached to the Application as Exhibit 1 to Exhibit A. I have personal knowledge of the matters set forth herein, and, if called as a witness, would testify competently thereto.

3. The Trustee requires the services of a financial advisor to provide crisis management assistance and financial reorganization advice. The employment of Baker Tilly is necessary to enable the Trustee to execute his duties and to achieve a successful reorganization to the benefit of all stakeholders.

4. Baker Tilly and its professionals are well-suited to provide the services that the Special Governance Committee requires. Baker Tilly is a professional services firm, among other things, engaged in the business of providing accounting, financial advisory and related professional consulting services and has extensive experience and an excellent reputation in providing investigatory and testimonial services relating to complex financial transactions, related-party transactions, and potential causes of action arising therefrom.

5. Baker Tilly professionals have been retained in a number of chapter 11 and chapter 7 cases, serving as financial advisors to various constituents, as well as fiduciaries, including, but not limited to: *In re Residential Capital, LLC*, Case No. 12-12020 (MG) (Bankr.

² Capitalized terms used but otherwise not defined herein will have the meanings ascribed to them in the Application.

S.D.N.Y.); *In re Lyondell Chemical Company, et al.*, Case No. 09-10023 (REG) (Bankr. S.D.N.Y.); *In re Petra Fund REIT Corp. et al.*, Case No. 10-15500 (SCC) (Bankr. S.D.N.Y. 2010). *In re Macco, et al.*, Case No. 10-16682 (NLJ), (Bankr. W.D. Okla.); and *In Re: Den-Way, Inc., Den-OK, Inc, et al.*, Case No. 03-22984 (NLJ)(Bankr. W.D. Okla.).³

6. Baker Tilly performed an analysis to determine whether it had any conflicts or other relationships that might cause it not to be disinterested or to hold or represent an interest adverse to the parties involved in the aforementioned case. Specifically, Baker Tilly obtained from the Trustee, the names of individuals and entities that may be parties in interest in these chapter 11 cases as listed on Exhibit 2 hereto. Baker Tilly searched its electronic database for its connections to the entities listed on Exhibit 2 and sent via email the names thereon to each of its partners and principals for review. To the extent that I have been able to determine that Baker Tilly has been retained within the last three years to represent any of the listed entities (or their affiliates, as the case may be) in matters unrelated to these cases, such facts are disclosed on Exhibit 3.

7. Based upon the search described above, Baker Tilly is a “disinterested person” as that term is defined in section 101(14), as modified by section 1107(b), of the Bankruptcy Code, given that, to the best of my information and belief, Baker Tilly:

- a. is not a creditor, an equity security holder, or an insider of the Debtors;
- b. is not and was not, within two years before the commencement of these chapter 11 cases, a director, officer or employee of the Debtors; and
- c. does not have an interest materially adverse to the interests of the Debtors’ estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or for any other reason.

³ Services were provided by Baker Tilly professionals while employed by other firms.

8. To the best of my knowledge, except as set forth herein and in **Exhibit 3** attached hereto and incorporated herein by reference and subject to the limitations discussed herein, (a) Baker Tilly does not hold or represent an interest materially adverse to the Debtors, their creditors, and shareholders for the matters for which Baker Tilly is to be employed; (b) Baker Tilly has no connection to the Debtors, their creditors, shareholders, or related parties herein except as disclosed in this Declaration and **Exhibit 3**; and (c) Baker Tilly and the Baker Tilly professionals working on this matter are not relatives of the United States Trustee of the Western District of Oklahoma or of any known employee in the office thereof, or any United States Bankruptcy Judge for the Western District of Oklahoma. Michael E. Deebea was formerly employed by the Office of the United States Trustee for the Western District of Oklahoma and for Region 20.

9. In connection with certain of the relationships noted in **Exhibit 3**, Baker Tilly discloses the following:

- a. In my capacity as a court-appointed receiver in the past retained Fellers Sinder and Steve Moriarty in unrelated matters;
- b. In my capacity as a bankruptcy trustee and as a court-appointed receiver in the past retained, and currently retain, Crowe Dunlevy in unrelated matters;
- c. Baker Tilly currently provides advisory services to Pitney Bowes, Inc. in an unrelated matter; and
- d. Baker Tilly, from time to time, conducts several audit and assurance assignments for CDW, LLC, unrelated to this matter.

10. Baker Tilly and/or its professionals have in the past been retained by, and presently and likely in the future will provide services for, certain creditors of the Debtors, other parties-in-interest, and their respective attorneys and accountants in matters unrelated to such parties' claims against the Debtors or interests in these chapter 11 cases. Baker Tilly currently

performs or has previously performed such services for the entities listed in Exhibit 3 within the last three years.

11. As part of its practice, Baker Tilly appears in many cases, proceedings, and transactions involving many different law firms, financial consultants, accountants, and investment bankers in matters unrelated to these chapter 11 cases. Baker Tilly has not identified any material relationships or connections with any law firm, financial consultant, accountant, or investment banker involved in these chapter 11 cases that would cause it to be adverse to the Trustee, the Debtors, the Debtors' estates, any creditor or any other party-in-interest, or that would otherwise affect Baker Tilly's judgment or ability to perform services for the Trustee.⁴

12. Baker Tilly has not provided, and will not provide, any professional services to any of the Debtors' creditors, other parties-in-interest, or their respective attorneys or accountants with regard to any matter related to these chapter 11 cases.

13. Baker Tilly will make continued inquiries following the filing of the Application, on a periodic basis, with additional disclosures to this Court if necessary or otherwise appropriate. If any additional, relevant facts or relationships are discovered or arise, Baker Tilly will use reasonable efforts to identify such further developments and will file a supplemental declaration as required by Bankruptcy Rule 2014(a).

14. Based on the search conducted by Baker Tilly to date and described herein, to the best of my knowledge and insofar as I have been able to ascertain, (a) Baker Tilly is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest

⁴ From time to time, Baker Tilly hires attorneys in the ordinary course of its businesses. No firm has been retained regarding any issues in this matter.

adverse to the Debtors' estates and (b) Baker Tilly has no connection to the Trustee, the Debtors, their creditors, or their related parties, except as may be disclosed herein.

15. Baker Tilly has not shared or agreed to share any compensation to be paid by the Debtors, in connection with services to be performed after the Petition Date, with any other person, other than the partner, principals, and employees of Baker Tilly, to the extent required by section 504 of the Bankruptcy Code. No promises have been received by Baker Tilly as to compensation in connection with these chapter 11 cases, other than as outlined in the Application.

Executed on April 29, 2016

By: 

Michael E. Deeba, CIRA, CFF, CPA
Partner
Baker Tilly Virchow Krause, LLP
119 N Robinson Ave, Suite 250
Oklahoma City, OK 73102
(405) 232 7800

Subscribed and sworn to before me this 29th day of April, 2016

Notary Public: 

My Commission Expires:

12-14-19
(SEAL)

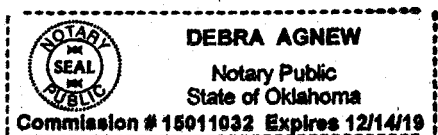


Exhibit 1

Engagement Letter



BAKER TILLY

Baker Tilly Virchow Krause, LLP
1050 Crown Pointe Parkway, Suite 1650
Atlanta, GA 30338

Tel: 770.206.2400
Fax: 770.512.8770
bakertilly.com

PRIVILEGED AND CONFIDENTIAL - ATTORNEY WORK PRODUCT

April 29, 2017

Stephen J. Moriarty
Fellers, Snider, Blankenship, Bailey & Tippens, P.C.
100 N. Broadway, Suite 1700
Oklahoma City, OK 73102

RE: *In re Postrock Energy Corporation, et al.* Case No. 16-11230-SAH (Bankr. W.D. Okla.)

Dear Mr. Moriarty:

Thank you for the opportunity to provide financial advisory services on your behalf as the duly appointed Chapter 11 Trustee (the "Trustee") for Postrock Energy Corporation and its affiliated debtors (the "Debtors") in the above captioned bankruptcy cases (the "Matter"). This letter (the "Engagement Letter") and the attached *Standard Terms and Conditions* confirm the understanding and agreement between Baker Tilly Virchow Krause, LLP ("Baker Tilly") and you, solely in your capacity as Trustee, with regard to the advisory and testimonial services Baker Tilly will provide. This letter shall be effective as of April 11, 2016.

SCOPE OF SERVICES

1. You, in your capacity as Trustee, have asked that Baker Tilly provide financial advisory services to you to assist with the completion of your duties. These tasks may include, but are not limited to:
 - a. Assisting in negotiations with secured lender or third parties regarding the use of cash collateral;
 - b. Assisting in analyzing the profitability of the Debtors and assessing bid for the sale of its assets;
 - c. Assisting in the preparation of weekly cash flow projections;
 - d. Assisting in monitoring daily cash management and reporting upon Debtors' weekly operating results, availability, and any variances from Debtors' budget;

Stephen J. Moriarty
Fellers, Snider, Blankenship, Bailey & Tippens, P.C.
April 29, 2016
Page 2

- e. Assisting with preparation of Trustee's Monthly Operating Reports;
- f. Assisting with the preparation of the Debtors Statements of Financial Affairs and Schedules of Assets and Liabilities;
- g. Assisting with analyzing claims and upon request, with communications with creditors with respect to issues arising from the claims process;
- h. Assisting with preparation of a plan of reorganization or plan of liquidation;
- i. Assisting with preparation of any financial order or other information that may be requested by parties in interest and/or the Bankruptcy Court;
- j. Providing expert testimony, if requested; and
- k. Performing such other services as may be requested by Trustee and permitted by the Bankruptcy Court for the Western District of Oklahoma (the "Court").

2. You, as Trustee, have also indicated that you may need to designate one or more Baker Tilly principals, partners or employees as a possible witness in the above referenced Matter. The subject and scope of any such testimony will be subject to your direction; however, you understand that Baker Tilly shall undertake all work we deem necessary to deliver such testimony.

3. Furthermore, you also understand that the professional conclusions reached regarding this matter are those of the Baker Tilly professionals. Accordingly, Baker Tilly has not and cannot predict what conclusions the Baker Tilly professionals will reach concerning the specific questions or issues for which the potential expert's opinion testimony may be requested.

4. You additionally agree not to schedule any depositions or trial testimony for any potential expert or any Baker Tilly employee without first consulting with the potential expert or Baker Tilly employee to ensure availability.

FEES AND BILLING ARRANGEMENTS

5. Our fees are based upon the hours actually expended by each engagement team member at each member's applicable hourly billing rate. Our standard hourly billing rates by professional level are:

Stephen J. Moriarty
 Fellers, Snider, Blankenship, Bailey & Tippens, P.C.
 April 29, 2016
 Page 3

Level	Hourly Rates
Technical Directors, Principals, and Partners	\$535-\$950
Senior Managers and Directors	\$400-\$895
Managers	\$300-\$600
Senior Consultants	\$225-\$450
Staff Consultants	\$175-\$295
Paraprofessionals	\$135-\$210

6. In the normal course of business, Baker Tilly revises its hourly annually. You understand that, to the extent allowed by the Court, the hourly rates charged for the work on this engagement will reflect the hourly rates in effect at the time services are rendered. We shall provide you and the Court ten (10) business days' notice of our increased hourly rates.

7. You agree to that the reimburse Baker Tilly for any reasonable and documented out-of-pocket expenses, including, without limitation, travel, photocopying, delivery services, postage, vendor changes and other reasonable and documented out-of-pocket expenses incurred in providing professional services.

8. Baker Tilly acknowledges that its fees and expenses in the Matter are governed by Title 11 of the United States Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Western District of Oklahoma (the "Local Rules"), and any orders entered by the Court with regard to professional compensation. Baker Tilly further agrees to accept compensation as awarded by the Court in accordance with the above.

OTHER MATTERS

9. You agree that you will direct Fellers, Snider, Blankenship, Bailey & Tippens, P.C. ("Fellers Snider") as your attorneys in this Matter to draft the papers necessary to ensure Baker Tilly is properly retained by the Court in the Matter. Further, you agree to direct Fellers Snider to take the steps necessary to file any papers necessary to ensure that Baker Tilly is paid in the Matter.

10. To the extent of any inconsistency between the terms of this Engagement Letter and the Standard Terms and Conditions, the terms of this Engagement Letter shall govern. To the extent of any conflict or inconsistency between this Engagement Letter and an order entered by the Court, the terms or the Court's order shall govern. You, solely in your capacity as Trustee, acknowledge your agreement with the terms stated herein and acknowledge that you have reviewed and agreed to be bound to the terms of this Engagement Letter and the attached Standard Terms and Conditions, as evidenced by your signature below, which may be executed in multiple counterparts. Please return to me the signed copy of this Engagement Letter by facsimile or portable document format ("pdf"). Facsimile and pdf signatures shall be deemed original, binding signatures.

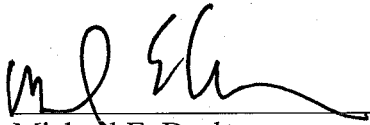
Stephen J. Moriarty
Fellers, Snider, Blankenship, Bailey & Tippens, P.C.
April 29, 2016
Page 4

We appreciate the opportunity to work with you. Should you have any questions, please do not hesitate to contact me at (405) 232-7800.

Very truly yours,

Baker Tilly Virchow Krause, LLP

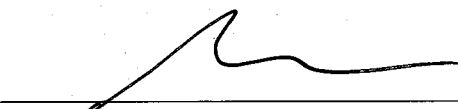
By:



Michael E. Deebe
Partner

Acceptance by Stephen J. Moriarty, solely in his capacity as Trustee of Postrock Energy Corporation, et al.

The above Engagement Letter and the attached *Standard Terms and Conditions* confirm my understanding of the services which Baker Tilly Virchow Krause, LLP will perform relating to the above referenced matter and the fee arrangement and our understanding and agreement to the terms of the Engagement Letter and the attached *Standard Terms and Conditions*. Also, I agree that the Debtors shall accept responsibility for payment of Baker Tilly Virchow Krause, LLP's fees, as described above.

Accepted by: 

Stephen J. Moriarty, Solely in his capacity
as Trustee of Postrock Energy Corporation, et al.

Date: 5/6/16

Exhibit 2

Parties in Interest

Exhibit 2

This information is being provided in connection with the *Affidavit of Michael E. Deebe in Support of the Application for Order Authorizing the Employment and Retention of Baker Tilly Virchow Krause, LLP as Financial Advisor and Accountant to the Trustee, Effective Nunc Pro Tunc to April 11, 2016*. The following names were compared to Baker Tilly's client database and emailed to all partners and principals to identify any connection or relationship:

Stephen J. Moriarty	Kansas Department of Revenue
Fellers, Snider and Blankenship, Bailey and Tippens, P.C.	Kinder Morgan Operating LP
PostRock Energy Corporation	Nalco Champion
PostRock Energy Service Corporation	Oklahoma Tower Realty
PostRock MidContinent Production LLC	OneWest Bank, FSB
PostRock Eastern Production LLC	Pitney Bowes Global
PostRock Holdco LLC	Radiant Electric Cooperative
STP Newco, Inc.	Sunrise Oilfield Supply, Inc.
Crowe & Dunlevy, PC	Topsource, LLC
Evercore Group LLC	Transtex Hunter LLC
Cadence Bank	Transzap, Inc.
Texas Capital Bank, N.A.	Sarah A. Hall
BBVA Compass Bank	Marjorie J. Creasey
Citibank, NA	Charles Snyder
Black Land Management, Inc.	Internal Revenue Service
Cawley, Gillespie & Associates	OTC Exchange
CDW Direct, LLC	West Virginia Department of Revenue
Chandler Oil, LLC	Securities Exchange Commission
Compressor Systems, Inc.	
Kansas Department of Revenue	
Kinder Morgan Operating LP	
Nalco Champion	

Exhibit 3

Disclosures

This information is being provided in connection with the *Affidavit of Michael E. Deebea in Support of the Application for Order Authorizing the Employment and Retention of Baker Tilly Virchow Krause, LLP as Financial Advisor and Accountant to the Trustee, Effective Nunc Pro Tunc to April 11, 2016*. Baker Tilly Virchow Krause, LLP has or had business relationships with, currently renders or has previously rendered services in matters unrelated to these Chapter 11 cases for the following entities or their affiliates.

Name Searched	Disclosure
Stephen J. Moriarty (Chapter 11 Trustee) of Fellers, Snider and Blankenship, Bailey and Tippens, P.C.	Represents Baker Tilly Virchow Krause, LLP partner, Michael E. Deebea in his capacity as the court-appointed receiver in <i>Michael Terry, Four Horseman Auto Group, Inc., Chisholm Trail Auto Group, LLC, Chisholm Trail Auto Group II, LLC v. Vahid Salalati, Roger Ely, Ty T. Hartwig, Richard R. Horton et al.</i> , Case No. CJ-2015-4810 (District Court of Stephens County, State of Oklahoma); and <i>Hudson Americas LLC, as attorney-in-fact for Wells Fargo Bank Plaintiff, v. Hillcrest/59 Apartments, Inc. et al.</i> (Case No. CJ-2012-3614 District Court of Oklahoma County, State of Oklahoma).
Crowe Dunleavy, P.C. (Counsel for the Debtors)	Represented Baker Tilly Virchow Krause, LLP partner, Michael E. Deebea as Chapter 11 trustee, and currently represents Michael E. Deebea as Chapter 7 trustee <i>In re: Macco, et al.</i> (Case No. 10-16682 (NLJ) in the United States Bankruptcy Court for the Western District of Oklahoma. Further, retained Prof. Jack F. Williams and his previous employer, Mesirow Financial Consulting, LLC, on behalf of Mr. Deebea in the above matter.
CDW, LLC (Top 20 unsecured creditor)	Baker Tilly Virchow Krause, LLP client, or affiliate of a client, in an unrelated matter involved attest services to ensure Sarbanes Oxley compliance. These services are provided on an annual basis.
Pitney Bowes, Inc.	Baker Tilly Virchow Krause, LLP provides advisory services related to the company's business with the federal government. The services provided are unrelated to this matter.